

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

PAUL NOLL, STEVEN McCLURE,) Case No. 5:10-cv-00589-JHN-AJWx
and MARK SUTHERLAND,)
Plaintiffs,) **ORDER GRANTING MOTION TO
REMAND AND DENYING
REQUEST FOR ATTORNEYS'
FEES AND COSTS**
vs.)
TRAVELCENTERS OF AMERICA,) Judge: Honorable Jacqueline H. Nguyen
LLC, and DOES 1 through 50,)
inclusive,)
Defendant.)

The matter before the Court is Plaintiff's Motion to Remand Case to San Bernardino County Superior Court ("Motion") (Docket No. 10), filed on May 7, 2010. The Court has considered all the pleadings filed by the parties in connection with the Motion. The Court deemed the matter appropriate for decision without oral argument and took the matter under submission. *See* Fed. R. Civ. P. 78(b); Local Rule 7-15. For the reasons herein, the Court GRANTS the Motion and DENIES the Request for Attorneys' Fees and Costs.

///

///

///

I.

BACKGROUND

3 On October 17, 2008, on behalf of this putative class (“Plaintiffs”),
4 Plaintiff Paul Noll initiated this action against Defendant TravelCenters of
5 America LLC (“Defendant”), asserting three causes of action: (1) violation of
6 California Labor Code § 1194 for failure to pay overtime or regular
7 compensation; (2) violation of California Business and Professions Code § 17200
8 *et seq.*; and (3) violation of California Labor Code § 226.7 for failure to provide
9 meal periods and rest breaks. On March 23, 2010, the state court granted
10 Plaintiffs’ Motion for Leave to File a First Amended Complaint (“FAC”), which
11 clarified the definition of the putative class, “the salaried station employees,” to
12 encompass “Profit Center Managers” of different departments at each of
13 Defendant’s retail locations in California and added two additional class
14 representatives, Steven McClure and Mark Sutherland.

15 On April 22, 2010, Defendant filed a Notice of Removal of Civil Action to
16 Federal Court Pursuant to 28 U.S.C. §§ 1332, 1441, 1442, and 1453 (“Notice of
17 Removal”). In its Notice of Removal, Defendant claims that as of March 23,
18 2010, this case became removable pursuant to the Class Action Fairness Act, 28
19 U.S.C. § 1332(d) (“CAFA”), because the FAC allegedly expanded the putative
20 class from 27 to 111 potential members, and therefore the amount in controversy
21 exceeded the threshold jurisdictional amount of \$5,000,000, excluding interest
22 and costs. On May 7, 2010, Plaintiffs filed the instant Motion, asserting that
23 Defendant has failed to meet its burden of proving that the aggregated claims of
24 the putative class exceed the jurisdictional amount-in-controversy and that
25 Defendant’s removal is untimely. Defendant filed its Opposition, and Plaintiffs
26 filed their Reply.

27 || //

28 || //

II.

LEGAL STANDARD

3 Federal courts are courts of limited jurisdiction, having subject matter
4 jurisdiction only over matters authorized by the United States Constitution and
5 Congress. *See Bender v. Williamsport Area Sch. Dist.*, 475 U.S. 534, 541 (1986).
6 “Because of the ‘Congressional purpose to restrict the jurisdiction of the federal
7 courts on removal,’” courts must strictly construe the removal statute and rule
8 against removal “if there is any doubt as to the right of removal in the first
9 instance.” *Duncan v. Stuetzle*, 76 F.3d 1480, 1485 (9th Cir. 1996). There is a
10 strong presumption that federal courts are without jurisdiction unless the contrary
11 affirmatively appears. *See Fifty Assocs. v. Prudential Ins. Co. of Am.*, 446 F.2d
12 1187, 1190 (9th Cir. 1990). Federal law requires that if a case is removable from
13 the outset, the party seeking removal must file the notice of removal within thirty
14 (30) days after service. 28 U.S.C. § 1446(b).

15 Under CAFA, this Court has subject matter jurisdiction over a class action
16 in which: (1) there are 100 or more putative class members; (2) at least some of
17 the members of the putative class have a different citizenship from the defendant;
18 and (3) the aggregated claims of the putative class members exceed the sum or
19 value of \$5,000,000. *See* 28 U.S.C. § 1332(d). “[U]nder CAFA the burden of
20 establishing removal jurisdiction remains, as before, on the proponent of federal
21 jurisdiction.” *Lowdermilk v. U.S. Bank Nat'l Ass'n*, 479 F.3d 994, 997 (9th Cir.
22 2007) (quoting *Abrego Abrego v. The Dow Chem. Co.*, 443 F.3d 676, 685 (9th
23 Cir. 2006) (per curiam)).

24 For purposes of removal under CAFA, the Ninth Circuit has recently
25 “recognized varying burdens of proof depending on the situation and the nature of
26 the plaintiff’s complaint.” *Guglielmino v. McKee Foods Corp.*, 506 F.3d 696, 700
27 (9th Cir. 2007). If the complaint alleges damages in excess of the federal
28 amount-in-controversy requirement, the requirement is presumptively satisfied

1 unless “it appears to a ‘legal certainty’ that the claim is actually for less than the
2 jurisdictional minimum.” *Abrego Abrego*, 443 F.3d at 683 n.8 (citation omitted).
3 If the complaint specifically pleads on its face an amount of damages that is less
4 than the federal jurisdictional minimum, the “party seeking removal must prove
5 with legal certainty that CAFA’s jurisdictional amount is met.” *Lowdermilk*, 479
6 F.3d at 1000. If, however, “it is unclear or ambiguous from the face of a
7 state-court complaint whether the requisite amount in controversy is pled,” the
8 preponderance of evidence standard applies. *Guglielmino*, 506 F.3d at 699; *see*
9 *Tompkins v. Basic Research LL*, No. CIV. S-08-224 LKK/DAD, 2008 WL
10 1808316, at *3 (E.D. Cal. Apr. 22, 2008).

11 The preponderance of the evidence standard requires the removing
12 defendant to provide evidence establishing that “it is ‘more likely than not’ that
13 the amount in controversy” is satisfied for diversity purposes. *Sanchez v.*
14 *Monumental Life Ins. Co.*, 102 F.3d 398, 404 (9th Cir. 1996) (citation omitted).
15 To make this determination, the court should consider, in addition to the
16 complaint itself, “facts presented in the removal petition as well as any summary
17 judgment-type evidence relevant to the amount in controversy at the time of
18 removal,” such as affidavits or declarations. *Valdez v. Allstate Ins. Co.*, 372 F.3d
19 1115, 1117 (9th Cir. 2004) (internal quotations and citation omitted); *see Muniz v.*
20 *Pilot Travel Ctrs. LLC*, No. CIV. S-07-0325 FCD EFB, 2007 WL 1302504, at *5
21 (E.D. Cal. May 1, 2007). A court may consider supplemental evidence later
22 proffered by the removing defendant, which was not originally included in the
23 removal notice. *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 840 n.1 (9th Cir. 2002).

24 **III.**

25 **DISCUSSION**

26 **A. Timeliness of Removal**

27 Plaintiffs claim that the original Complaint, filed on October 17, 2008,
28 gave Defendant sufficient notice of removability under CAFA. (Mot. 11–12.)

1 Therefore, the Notice of Removal, filed nearly eighteen months after the original
2 Complaint, is untimely because it was not filed within thirty (30) days of
3 Defendant's receipt of an "initial pleading" setting forth a removable claim. 28
4 U.S.C. § 1446(b). (*Id.*) Defendant argues that the removal is timely because the
5 original Complaint's putative class definition was "hopelessly vague," and
6 Defendant did not know that the action was subject to CAFA jurisdiction. (Opp'n
7 18.)

8 If a party fails to remove an otherwise removable case within the initial
9 thirty-day period specified by Section 1446(b), the party waives its right of
10 removal "for all time, regardless of subsequent changes in the case." *Dunn v.*
11 *Gaiam*, 166 F. Supp. 2d 1273, 1278–79 (C.D. Cal. 2001). Nevertheless, the
12 removal right may be "revived" in cases "where the plaintiff files an amended
13 complaint that so changes the nature of [the] action as to constitute 'substantially
14 a new suit begun the day.'" *Id.* This "narrow, judicially-created" revival
15 exception would only apply if the amendment altered the scope of the case "so
16 drastically that the purposes of the [thirty]-day limitation would not be served by
17 enforcing it." *Wilson v. Intercollegiate (Big Ten) Conf. Athletic Assoc.*, 668 F.2d
18 962, 966 (7th Cir. 1982); *id.* at 1279. Circumstances which may trigger the
19 revival exception include: "(1) when a plaintiff attempts to mislead a defendant
20 about the true nature of its claim by including a less consequential federal claim
21 unlikely removed, and later, after the thirty-day window has expired, amends the
22 complaint to include a substantive federal claim, and (2) when the effect of the
23 change is to substantially constitute a new suit." *Ray v. Trimspa Inc.*, CV
24 06-6189 AHM (VBKx), 2006 WL 5085249, at *4 (C.D. Cal. 2006).

25 The Court finds that neither of these circumstances is present here.
26 Plaintiffs contend that the original putative class has always encompassed all
27 salaried employees, "managers" of different departments, at Defendant's business
28 locations and that the purpose of amendment to the original Complaint was to

1 alleviate any future claims by Defendant of “confusion.” (Mot. 12.) Defendant
2 does not allege that Plaintiffs attempted to mislead Defendant about the true
3 nature or scope of its potential class action. Defendant simply contends that the
4 definition of the putative class, “salaried station employees” and “salaried store
5 employees,” in the original Complaint was too vague. (Opp’n 18.) However, the
6 original Complaint specifically states that the putative class members are “salary
7 paid employees” misclassified as “‘exempt’ managerial/executive employees” in
8 Defendant’s “TravelCenters of America stations.” (Compl. ¶¶ 3, 5, 11.)

9 Reading the original Complaint as a whole, the Court finds that the change
10 in the FAC is not sufficient to render this a “substantially new suit.” Specifically,
11 the clarification in the putative class definition to include explicitly the term
12 “Profit Center Managers” did not alter the scope of this case “so drastically that
13 the purposes of the [thirty]-day limitation would not be served by enforcing it.”
14 *Wilson*, 668 F.2d at 966. Therefore, Defendant’s removal is untimely. Although
15 this case can be remanded on the ground of untimeliness alone, the Court also
16 addresses below whether Defendant has established the requisite amount in
17 controversy.

18 **B. Amount In Controversy**

19 In both the original Complaint and the FAC, Plaintiffs do not allege a
20 sufficiently specific amount in controversy. Similar to the plaintiff in
21 *Guglielmino*, Plaintiffs in this case simply allege that their individual claims are
22 under the \$75,000 jurisdictional threshold and plead no specific total dollar
23 amount of damages for the putative class. *Guglielmino*, 506 F.3d at 700. As
24 such, Defendant must establish the amount in controversy by a preponderance of
25 the evidence.

26 In its Notice of Removal, Defendant alleges that the amount in controversy
27 is at least \$5,231,323, excluding interest, thereby exceeding the federal
28 jurisdictional threshold. (Notice of Removal ¶ 27.) Defendant supports its Notice

1 of Removal with: (1) Declaration of Faira Corbett (“Corbett”), Human Resources
2 Supervisor, who sets forth the underlying payroll and personnel records needed to
3 calculate the amount in controversy; and (2) Declaration of Defendant’s
4 economist expert Alison Rose (“Rose”) who, based on the facts supplied by
5 Corbett, calculated the amount in controversy. (Docket Nos. 3, 5.)

6 In calculating the amount in controversy, Defendant used violation rates of
7 10 hours per week for overtime and 3.5 missed meal periods and 3.5 missed rest
8 breaks per week. (Rose Decl. ¶¶ 8, 13, 15.) These violation rates were estimated
9 based on Plaintiff Noll’s testimony that he worked 20 to 30 overtime hours a
10 week, took an uninterrupted meal period once or twice a week, and rarely took a
11 rest break. (Noll Dep. 200:23–201:15, 479:16–480:21, 483:17–484:2.) Based on
12 the assertion in the FAC that Plaintiff Noll’s claims are typical of the claims of all
13 other members of the putative class (FAC ¶ 15), Defendant simply extrapolated
14 the experience of Plaintiff Noll to all putative class members for the purpose of
15 calculating the amount in controversy.

16 The Court finds that Defendant’s calculations based on the extrapolation of
17 Plaintiff Noll’s individual violation rates are flawed because they rely on
18 speculative assumptions. Defendant offers no evidence as to whether all putative
19 class members working in different departments—stores, restaurants, or
20 shops—have similar work schedules. Defendant fails to provide any underlying
21 facts supporting its assumptions that all putative class members will likely have
22 10 hours of overtime and 3.5 missed rest breaks per week, as well as its use of
23 100% violation rate for the missed meal periods.¹

24

25 ¹ In a similar wage and hour class action case, a defendant successfully
26 established by preponderance of evidence that the amount in controversy exceeds
27 \$5,000,000 where the defendant’s “calculations were relatively conservative, made
28 in good faith, and based on evidence wherever possible.” *Behrazfar v. Unisys Corp.*,
689 F. Supp. 2d 999, 1004 (C.D. Cal. 2009). The defendant’s calculations relied

1 Defendant's calculations are further undercut by its own prior argument in
2 this case. In its Opposition to Plaintiff's Motion for Leave to File a First
3 Amended Complaint, Defendant claims that its shop and restaurant managers
4 have job duties that are "completely different" from those of the store managers.
5 (Opp'n to Mot. File FAC 7–8, 11–12.) If so, then the underlying basis for its
6 extrapolation of an individual Profit Center Manager-Store's experience to all
7 Profit Center Manager-Restaurant and Profit Center Manager-Shop employees is
8 unwarranted.

9 Defendant further argues that because the FAC alleges that Plaintiffs'
10 claims are "typical," Defendant's extrapolation of Plaintiff Noll's experience to
11 the entire class is proper. (Opp'n 17). However, to satisfy the typicality
12 prerequisite of Rule 23(a)(3) of the Federal Rules of Civil Procedure, a named
13 plaintiff's claims only need to be "reasonably co-extensive with those of absent
14 class members; they need not be substantially identical." *Hanlon v. Chrysler*
15 *Corp.*, 150 F.3d 1011, 1020 (9th Cir. 1998). Therefore, other putative class
16 members could have substantially less damages but still have claims "typical" to
17 Plaintiff Noll's because they also were misclassified, worked overtime, and
18 missed meal and rest periods. Therefore, the Plaintiffs' allegation of typicality
19 alone cannot serve as a basis for Defendant's extrapolation.

20 The removing party's burden is "not daunting," and defendants are not
21 obligated to "research, state, and prove the plaintiff's claims for damages." *Korn*
22 *v. Polo Ralph Lauren Corp.*, 536 F. Supp. 2d 1199, 1204–05 (E.D. Cal. 2008).

23
24
25 upon 25% violation rate for overtime to a single class of employees. *Id.* Here, the
26 Court finds that Defendant's calculations are neither "relatively conservative" nor
27 "based on evidence wherever possible," because Defendant used 33–50% violation
28 rate for overtime and 100% violation rate for missed meal and rest periods to the
members of allegedly different potential sub-classes without providing any specific
facts to support its estimations.

1 However, Defendant has the burden to produce *underlying facts* showing that it is
2 more likely than not that the amount in controversy exceeds the jurisdictional
3 threshold. *See Muniz*, 2007 WL 1302504, at *5. Because Defendant has failed to
4 do so, the Court concludes that removal is improper.

5 The Court, however, finds that Defendant's filing of the Notice of Removal
6 was not "improvident or ill-considered." *Dunn*, 166 F. Supp. 2d at 1278.
7 Defendant is therefore not required to pay Plaintiffs' attorneys' fees and costs
8 incurred as a result of removal.

IV.

CONCLUSION

11 For the foregoing reasons, the Court GRANTS the Motion to Remand
12 (Docket No. 10) and DENIES the Request for Attorneys' Fees and Costs. The
13 Court hereby REMANDS this action to the San Bernardino County Superior
14 Court.

15 IT IS SO ORDERED.

17 || Dated: June 29, 2010

Honorable Jacqueline H. Nguyen
UNITED STATES DISTRICT COURT